

MEMORANDUM

To: File of *Protect Our Pets*

From: Suemary Trobaugh, Sr. Political Finance Specialist

Date: October 30, 2001

Subject: Staff addendum to report of investigation

1. On October 19, 2001, staff contacted television stations KOMO, KIRO, KING and KCPQ in Seattle, KHQ, KREM, KXLY in Spokane, and KIMA, KNDO, KAPP in Yakima to verify documentation of two-week cancellation policy communicated to Fenn & King Communications. In summary, KIRO of Seattle and KIMA of Yakima produced documentation of their two-week cancellation policy but could not provide a date when Fenn & King received this documentation.

Please see below for the responses from the following television stations:

- KIRO, Seattle – Mike Poth provided terms of contract that is provided on the reverse side of the station's confirmation report. Line 2 (b) and (d) of this contract detail the station's two-week notification of termination policy. **(Exhibit 1A)** As previously described in the report of investigation (line 4.17), Fenn & King Communications made offers to purchase media time on September 14, 27 and October 26, 2000 with KIRO. In addition, as previously described in the report of investigation (line 4.20), Mike Poth gave the following description of how media buys occur: he stated that the advertising agency contacts local station for policy, pricing, and availability of time slots. When the terms are agreed upon, the station will receive an insertion order (much like a purchase order) from the advertising agency's representatives. The station sends back a contract form and confirmation. There is an obligation to pay at the time of the contract (or provide two-weeks notice to pull the ads and no obligation).
- KCPQ, Seattle – Chris Schuler stated in a telephone inquiry with PDC staff that the station's two-cancellation policy is communicated verbally, however this policy is only addressed if an entity cancels their media time.

- KOMO, Seattle – Michael Eguchi faxed copies of invoices for Protect Our Pets that did not contain contract information. Scott Hayner faxed an example of an invoice that did contain contract information including the two-week cancellation policy. KOMO also has the cancellation policy documented on page two of their credit policy, however in a telephone conversation, Mr. Eguchi stated that this form is outdated and that generally advertisers are told verbally of the cancellation policy. He was not able to provide a date that Fenn & King was informed of this policy.
- KHQ, Spokane – Bill Storm stated in a telephone inquiry with PDC staff that he contacted the national sales agency that brokered the media buy for Fenn & King for evidence of the policy being communicated. He was not able to confirm whether this information was conveyed to Fenn & King. Mr. Storm stated that the invoice did not contain contract language, however it was his opinion that the two-week cancellation policy is commonly known.
- KREM, Spokane – Amy Warren stated in a telephone inquiry with PDC staff that her television station did not run any of the broadcast ads originally ordered due to the content of the advertisements. Fenn & King paid for the advertisements on October 18, but stopped payment on October 25, 2000. Ms. Warren stated that the two-week cancellation policy is moot when there is a requirement to pay for the advertisements in advance, which is required of political advertising.
- KXLY, Spokane – Lain Guin stated in a telephone inquiry with PDC staff that he did not know if the national sales agency communicated a two-week cancellation policy on behalf of his station. Mr. Guin stated that he believes the requirement to pay for political advertising in advance supersedes the two-week cancellation policy.
- KIMA, Yakima – Steve Crow stated in a telephone inquiry with PDC staff that Katz Communications is the national sales agency that represents their station, which should have sent the statement of policy on political advertising. He stated that their station does not differentiate between issue committees and candidates, and the policy should have been forwarded to Fenn & King. Mr. Crow stated that his station would charge entities for unfilled airtime, when they cancel. On October 24, 2001, Mr. Crow faxed the political advertising information that contains under the “Prerequisites to broadcast” section the station’s two-week cancellation policy. He was unable to confirm on what date this policy was shared with Fenn & King. **(Exhibit 2A)**
- KNDO, Yakima – Brenda Gray faxed copies of invoices for Protect Our Pets. These invoices did not contain any contract language.

2. From October 24 to October 26, 2001, PDC staff contacted representatives from Katz Communications (aka Eagle TV Sales), HRP, and Blair Television, which are national sales agencies that placed broadcast advertisements with Washington State TV stations on behalf of Fenn & King Communications. The national sales agency representatives were not able to provide any written documentation of cancellation policies communicated to Fenn & King. Please see below for the responses from the following agencies:
 - Robin Ziska of HBR Communications, the national sales agency utilized by KIRO, Seattle and KCPQ, Seattle (Fox). Ms. Ziska stated she was aware of an industry standard two-week notification policy, however all political advertising requires payment in advance of their broadcast; therefore, she did not think the two-week notification policy would be required. She stated it was both the national sales agency's and the local TV station's responsibility to convey policy to the advertiser.
 - William (Bill) Pedergast of Blair Television, the national sales agency utilized by KNDO, Yakima. Mr. Pedergast stated he was aware of this industry standard and that the standard notice would not be any different for political or non-political advertising. However, the only documentation Mr. Pedergast sent to Fenn & King on behalf of KNDO was to document the price quote in a spreadsheet format and did not include any contractual agreement or terms of cancellation. He did not remember whether he covered any industry standard practices verbally in his dealings with Fenn & King.
 - Meredith Radow of Katz Communications, the national sales agency utilized by KOMO, Seattle. Ms. Radow stated that although two weeks notice was an industry standard, she requested that I speak to the president of the company, Ibra Morales, concerning political advertising procedure. Mr. Morales stated that he believes most stations have a two to four week notification policy for cancellations, however it is not standard to discuss the cancellation policy because it is well recognized.
3. On October 23, 2001, staff contacted Peter Fenn of Fenn & King Communications concerning documentation of the media buy made on behalf of his client, Protect Our Pets and Wildlife. On October 23, 2001, Peter Fenn stated in a telephone inquiry with PDC staff that he had absolutely no knowledge of a two-week cancellation policy. On October 29, 2001, in a written response to PDC staff inquiries, Mr. Fenn stated that he did not have a written contract with Protect Our Pets and Wildlife. **(Exhibit 3A)** On October 30, 2001, PDC staff requested any letter of understanding or other documentation that his firm had with Protect Our Pets. PDC staff also requested that Mr. Fenn confirm whether he received the documentation from KIRO and KIMA on the cancellation policy.

4. On October 26, 2001, PDC staff contacted Sunrise Media and the Madison Group, two Washington State consultants that have coordinated media buys for initiative committees, for their understanding of a two-week cancellation policy. Pam Haruta of Sunrise Media stated that she has heard of the television station's two-week cancellation policy, and her agency employs one as well; however, it is her practice that she only books advertisements for what she is paid in advance for. Brett Bader of the Madison Group stated that for political advertising, payment is expected in advance of its scheduled airtime. Mr. Bader stated that he is also aware of the two-week cancellation policy, but does not believe this is enforceable.

Respectfully submitted this 30th day of October, 2001

Suemary Trobaugh
Senior Political Finance Specialist

EXHIBITS LIST

- Exhibit 1A** KIRO contract information.
- Exhibit 2A** KIMA political advertising information.
- Exhibit 3A** Letter to Peter Fenn from PDC and response from Peter Fenn dated October 29, 2001.